

Congress of the United States

Washington, DC 20515

July 25, 2003

Dear Medicare Prescription Drug Bill Conferee:

As members of the House New Democrat Coalition, we are writing regarding the Medicare prescription drug legislation. We appreciate the magnitude of the task before the Conference Committee and the magnitude of the historical undertaking in which you are engaged. We want to take this opportunity to offer our perspectives on key issues that we believe must be addressed in this Conference Report.

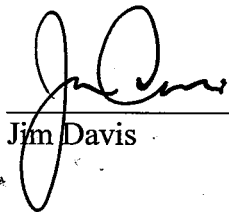
- **GOVERNMENT FALLBACK:** There must be a guaranteed drug benefit available to all Medicare beneficiaries regardless of where they live in the country. For this reason, Conferees must, at a minimum, adopt the Senate provision requiring a guaranteed government fallback. Under this provision, if at least two plans are not approved in each region, the Center for Medicare Choices (CMC) would then contract with a plan to provide a standard drug benefit.
- **LOW-INCOME:** A Medicare prescription drug benefit must provide coverage for all Medicare beneficiaries. There is clear evidence that lower-income Medicare beneficiaries are much more likely to have no prescription drug coverage than those with higher incomes. In order to provide for these beneficiaries, the Conference Report should, at a minimum, provide coverage for all Medicare beneficiaries and include the Senate-passed low-income subsidies.
- **RETIREE PROTECTION:** Employer health plans are the single largest source of prescription drug coverage for Medicare beneficiaries, covering nearly 12 million people. The Congressional Budget Office estimates that more than 30 percent of beneficiaries with such coverage will lose it under both the House and Senate bills. The Conference Report should not penalize employers for offering retiree coverage and should provide improved incentives to prevent erosion of existing coverage.
- **PREMIUM SUPPORT:** The House New Democrat Coalition recognizes the value of competition and market-based solutions. However, we urge the Conferees to reject the House provision that would change the Medicare program from a defined benefit to a defined contribution in the year 2010. After 2010, the Medicare Chief Actuary estimates H.R. 1 may cause premiums to rise as much as 25 percent for those who choose to or need to stay in traditional fee-for-service Medicare.

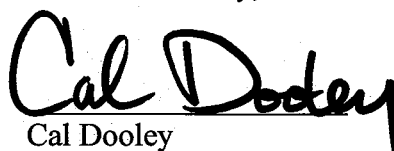
- **COST CONTAINMENT:** We strongly encourage the Conferees to include responsible cost containment measures that would deliver savings to Medicare beneficiaries.


The narrow margin of victory for the House version of the Medicare prescription drug legislation indicates the frailty of this important legislation. We hope that the Conference Report that emerges is less extreme than the House bill and thus garners broad bipartisan support in both chambers. Addressing the issues outlined in this letter will go a long way in achieving that objective. Medicare is a program that is critical to Americans regardless of their political affiliation, and we hope the final bill will achieve support that parallels the non-partisan nature of the public's appreciation for this program.

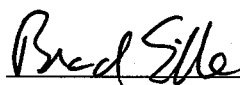
We appreciate your taking our concerns into consideration. The House New Democrat Coalition welcomes the opportunity to work with you to develop and pass a Conference Report that is a viable bipartisan alternative to the House-passed bill. Together we can provide Medicare beneficiaries the meaningful prescription drug benefit they deserve.

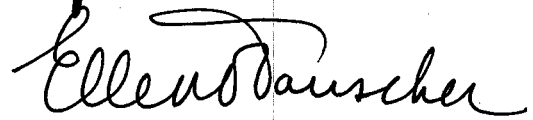
Sincerely,


Jim Davis

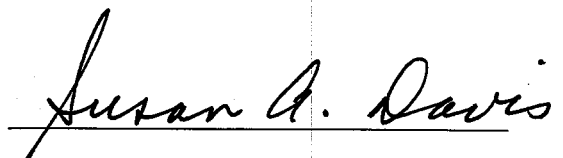

Cal Dooley

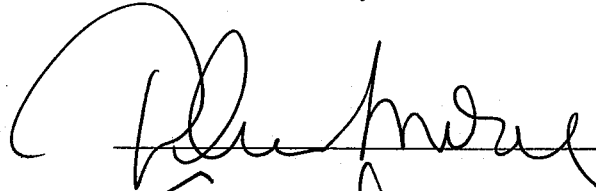

Ron Kind

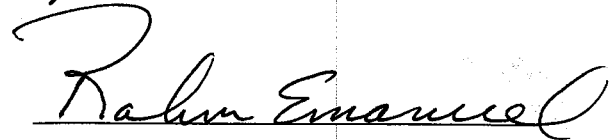

Brad Efte

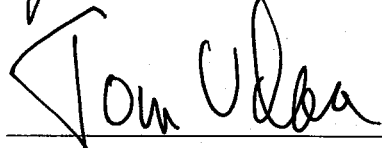

Ellen Dauscher

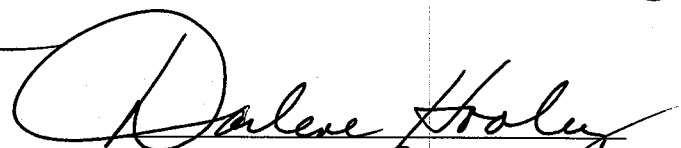

Richard House

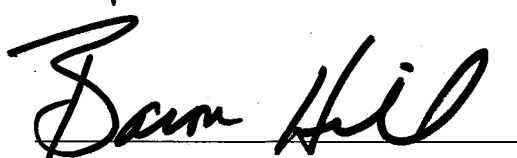

Susan A. Davis

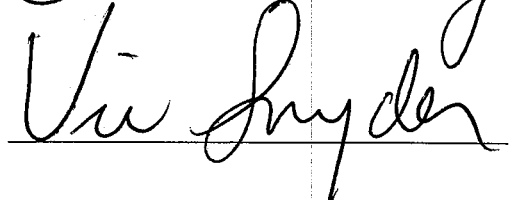

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